

Message Text

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61

ACTION NEA-10

INFO OCT-01 EUR-12 IO-10 ISO-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

CAB-02 COME-00 DOTE-00 EB-07 FAA-00 OC-05 CCO-00

MMO-01 /094 W

----- 113266

R 031530Z NOV 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 7055

INFO AMEMBASSY AMMAN

AMCONSUL DHAHRAN

AMEMBASSY NICOSIA

AMEMBASSY ATHENS

USINT BAGHDAD

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL JERUSALEM

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMCONSUL STUTTGART

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

USMISSION USUN NEW YORK

RUSNAAAWXFICEURLANT NORFOLK VA

DIA WASHDC

CIA WASHDC

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: EAIR, LE, PINSN
SUBJECT: PANAM SUSPENDS ALL SERVICE TO BEIRUT AND MEA PLANS TO
SELL OR LEASE 747'S

REF: STATE 258142

1. CONFIRMING INFORMATION IN REFTTEL, PANAM MIDDLE EAST REGIONAL MANAGER DONALD TAYLOR, WHO HAS JUST RETURNED FROM CONSULTATIONS IN LONDON, SAID PANAM IS PLANNING AT LEAST TEMPORARILY TO TRANSFER REGIONAL OPERATIONS OUT OF BEIRUT, PROBABLY TO DHAHRAN. PANAM WILL RETURN ABOUT HALF OF ITS 80 MEMBERS STAFF IN BEIRUT, TRANSFER 13 OUT OF LEBANON AND RETIRE, TERMINATE OR GIVE LEAVE-WITHOUT-PAY TO REST.

2. HE ALSO SAID THAT PANAM PLANS TO SUSPEND AROUND-THE-WORLD SERVICE STOPS AT BEIRUT (PANAM FLIGHTS 1 AND 2) AT LEAST UNTIL JANUARY 15, 1976, AND HAS CANCELLED INDEFINITELY BEIRUT STOPS FOR PANAM FLIGHTS 110 AND 111, WHICH NOW GO BETWEEN ROME, BEIRUT, DAMASCUS AND TEHRAN. HOWEVER, LATTER FLIGHTS MAY BE RESCHEDULED TO LAND IN BEIRUT BEFORE JANUARY 15 IF SECURITY AND DEMAND IMPROVE. THESE CANCELLATIONS MEAN THAT PANAM NOW HAS NO SERVICES THROUGH BEIRUT AND TAYLOR THINKS THAT RESCHEDULING AROUND-THE-WORLD SERVICE THROUGH BEIRUT AGAIN WILL BE DIFFICULT.

3. IN VIEW OF DISMAL ECONOMIC PROSPECTS FOR LEBANON, MEA PLANS SUBSTANTIAL CUT IN LIFT CAPACITY. IT HOPES TO SELL OR LEASE ITS THREE BOEING 747 AIRCRAFT (ADVANCED MODELS NEWLY-ACQUIRED THIS YEAR) BUT WILL MAINTAIN ITS THREE BOEING 707'S AND SIXTEEN BOEING 720'S. DISPOSAL OF THREE 747'S IS PART OF MEA PROGRAM TO REDUCE EXPECTED OPERATING LOSSES WHILE STILL RETAINING AS MANY AS POSSIBLE OF ITS 5,000 MAN STAFF. MEA HOPES TO CUT LOSSES TO TWO TO THREE MILLION LEBANESE POUNDS A MONTH AND ESTIMATES THAT WITH CURRENT FINANCIAL RESERVES IT COULD SUSTAIN LOSSES OF THIS SIZE FOR THE NEXT FOUR YEARS BUT EXPECTS ONLY TO HAVE TO DO SO FOR ONE YEAR. (MEA IS LEBANON'S LARGEST NON-GOVERNMENTAL LIMITED OFFICIAL USE

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EMPLOYER. ENJOYS REPUTATION FIRST RATE LABOR-MANAGEMENT RELATIONS.)

4. PART OF ADJUSTMENT PROGRAM ALSO IS THE ESTABLISHMENT OF MAINTENANCE CENTER OUTSIDE OF LEBANON. MEASURE IS NECESSARY BECAUSE COMPANY'S INSURERS DEMAND NO PLANES BE LEFT ON THE GROUND IN BEIRUT AND BECAUSE MAINTEN-

ANCE PERSONNEL HAVE NOT BEEN ABLE TO REPORT TO WORK.
MEA IS CURRENTLY NEGOTIATING WITH AIR FRANCE FOR
HANGAR SPACE AT ORLY AIRPORT. THIS DEAL IS NOT YET
FIRM.
GODLEY

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